

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF DELTA NATURAL GAS COMPANY,)	2024-00072
INC.)	

ORDER

On March 25, 2024, Delta Natural Gas Company, Inc. (Delta) filed its proposed unified Gas Cost Recovery (GCR) rate report to be effective April 25, 2024. On February 22, 2021, the transfer of ownership of Peoples Gas KY, LLC (Peoples) to Delta was consummated following the closing of Case No. 2020-00346.¹ Delta's previous consolidated GCR rate was approved in Case No. 2023-00423.²

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the

¹ Case No. 2020-00346, *Electronic Application of Essential Utilities, Inc., PNG Companies LLC, Peoples Gas KY LLC, and Delta Natural Gas Company, Inc. for (1) a Declaratory Order and (2) Increase in Rates for Peoples Gas KY LLC* (Ky. PSC Feb. 22, 2021).

² Case No. 2023-00423, *Electronic Purchased Gas Adjustment Filing of Delta Natural Gas Company, Inc.* (Ky. PSC Jan. 25, 2024).

rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.³

DISCUSSION

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that Delta's unified GCR report includes revised rates designed to pass on to its customers its expected change in gas costs. Delta's unified GCR report sets out an Expected Gas Cost (EGC) of \$3.9985 per Mcf, which is an increase of \$0.2304 per Mcf from the previous EGC of \$3.7681 per Mcf. Delta's unified GCR rate report sets out a current quarter Actual Cost Adjustment (ACA) of \$0.7412 per Mcf. Delta's total ACA is (\$0.6352) per Mcf, which is an increase of \$0.2596 per Mcf from the previous total ACA of (\$0.8948) per Mcf. Delta's unified GCR rate report sets out a current quarter Balancing Adjustment (BA) and total BA of \$0.0454 per Mcf.⁴ Delta's unified GCR report sets out no Refund Adjustment.

Based upon the calculations of the unified GCR rate discussed above, the Commission finds that Delta's unified GCR rate is \$3.4087 per Mcf, which is an increase of \$0.5354 per Mcf from the previous GCR of \$2.8733 per Mcf. The Commission further finds that the rate set forth in the Appendix to this Order is fair, just and reasonable, and should be approved for service rendered by Delta on and after April 25, 2024.

The Commission finds that for the purpose of transparency and to maintain a record of information for future use, Delta shall submit all invoices it receives along with

³ KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

⁴ Delta's first quarter BA for the unified system became available following the expiration of the first unified ACA quarter expires and the roll in of the expired ACA quarter's full year effective period into the reporting period.

its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. Should Delta purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Delta and set forth in the Appendix to this Order are approved for service rendered on and after April 25, 2024.
2. Delta shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
3. Should Delta purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount shall be documented in its cover letter to the Commission.
4. Within 20 days of the date of service of this Order, Delta shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.
5. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
APR 23 2024 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director *For*

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00072 DATED APR 23 2024

The following rates and charges are prescribed for the customers in the area served by Delta Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$3.4087 per Mcf for service rendered on and after April 25, 2024.

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